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ABSTRACT

This committee report recommends the passage of the Head Start Improvement Act of 1992, which amends the Head Start Act. The committee's report includes discussions of: (1) the history of legislation affecting the Head Start program; (2) the need for the current legislation; (3) local control of allocated funds; (4) a waiver of the requirement for Head Start program participants to match federal funds with nonfederal funds; (5) transportation of Head Start children to and from school; (6) reviews of agencies granted Head Start funds; (7) the provision of literacy training to parents of Head Start children; (8) the provision of medical benefits to younger siblings of Head Start children; (9) Head Start facilities; and (10) the elimination of application priority to certain agencies applying for participation in the Head Start program. The report summarizes individual sections of the Head Start Improvement Act of 1992, and indicates changes in existing law made by the bill, as reported. (BC)

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102D CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
102-763

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
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HEAD START IMPROVEMENT ACT OF 1992

JULY 31, 1992.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. FORD of Michigan, from the Committee on Education and Labor, submitted the following

REPORT

[To accompany H.R. 5630]

The Committee on Education and Labor, to whom was referred the bill (H.R. 5630) to amend the Head Start Act to expand services provided by Head Start programs; to expand the authority of the Secretary of Health and Human Services to reduce the amount of matching funds required to be provided by particular Head Start agencies; to authorize the purchase of Head Start facilities; and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill do pass.

The amendments (stated in terms of the page and line numbers of the introduced bill) are as follows:

Page 3, after line 21, insert the following:

(e) LOSS OF PRIORITY.—(1) Section 641(c)(1) of the Head Start Act (42 U.S.C. 9836(c)(1)) is amended by adding at the end the following: "Notwithstanding any other provision of this paragraph, the Secretary shall not give such priority to any agency with respect to which financial assistance has been terminated, or an application for refunding has been denied, under this subchapter by the Secretary after affording such agency reasonable notice and opportunity for a full and fair hearing in accordance with section 646(a)(3).".

(2) The amendment made by paragraph (1) shall take effect as of July 29, 1992.

Page 3, line 22, strike "(e)" and insert "(f)".

Page 4, line 8, strike "(f)" and insert "(g)".

Page 4, after line 24, insert the following:

59-006

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(h) INTERIM GRANTEE.—Section 641 of the Head Start Act (42 U.S.C. 9836) is amended—

(1) in subsection (e) by striking "(c) and (d)" and inserting "(c), (d), and (e)",

(2) by redesignating subsections (e) and (f) as subsections (f) and (g), respectively, and

(3) by inserting after subsection (d) the following:

"(e) If, in a community served by a Head Start program, there is no applicant qualified for designation as a Head Start agency to carry out such program, the Secretary may appoint an interim grantee to carry out such program until a qualified applicant is so designated.".

Page 5, line 1, strike "(g)" and insert "(i)".
Page 5, line 16, strike "(h)" and insert "(j)".
Page 7, line 1, strike "(i)" and insert "(k)".

INTRODUCTION

In reporting H.R. 5630, the Committee proposes to amend the Head Start Act of 1964.

COMMITTEE ACTION

On July 20, 1992, Mr. Martinez with Mr. Ford (of Michigan), Mr. Goodling, Mr. Kildee, Mr. Fawell, Ms. Lowey (of New York) and Mr. de Lugo introduced H.R. 5630, which was referred to the Committee on Education and Labor.

H.R. 5630 was considered by the Subcommittee on Humans Resources, and ordered reported to the full Committee on Education and Labor on July 23, 1992 by voice vote. On July 30, 1992, the bill was considered, amended, and ordered reported by the Committee by voice vote.

BACKGROUND AND NEED FOR LEGISLATION

BACKGROUND

Head Start was established under the Economic Opportunity Act of 1964 to help address the needs of low income children and families. All of the programs included in the Head Start Act, except the Child Development Associate Scholarship Assistance Act, are now authorized under Title VI, Chapter 8 of the Omnibus Reconciliation Act of 1981. When it was enacted in 1984, the dependent care grants program was added as a new subchapter under the "Community Services Program" heading.

In the early 1960s, national statistics showed that one in five Americans lived in poverty. In response to this deplorable situation, President Johnson on March 16, 1964, proposed the Economic Opportunity Act of 1964. Both the House bill, H.R. 10440, and the Senate bill S. 2642, proposed a separate Federal agency to develop and administer innovative and effective programs to combat the causes of poverty. The Economic Opportunity Act of 1964 established an Office of Economic Opportunity (OEO) in the executive Office of the President to administer various anti-poverty programs including the Head Start program.

The Act stated that the purpose of all of these programs was "to eliminate the paradox of poverty in the midst of plenty * * * by opening to everyone the opportunity for education and training, the opportunity to work and the opportunity to live in decency and dignity." A total of $947.5 million was authorized for these programs in fiscal year 1965.

In 1965 and 1966, President Johnson urged an expansion of the war on poverty. On September 29, 1966, H.R. 15111 was passed by the House and Senate and the Economic Opportunity Amendments of 1966 were signed into law (P.L. 89-794). In 1967, the Congress undertook a thorough re-evaluation of the federal antipoverty effort and found that the Economic Opportunity Act of 1964 had produced major changes. Youth and adult training programs were consolidated into one comprehensive work training program. Special impact programs were redefined, and four new special programs (Follow Through, Emergency Food and Medical Services, Upward Bound, and Senior Opportunities and Services) were enacted.

In 1969, relatively few changes were made to the Head Start Act. In 1971, Congress again proposed amendments to the Economic Opportunity Act. President Nixon voiced several objections and vetoed the measure. After the President's objections were worked out, the President approved the Economic Opportunity Act Amendments of 1972 (P.L. 92-424) on September 19, 1972.

In 1974, the Congress passed major amendments to the Act. On January 4, 1975, President Ford signed the head Start, Economic Opportunity and Community Partnership Act of 1974 (P.L. 93-644). Under the compromise reached by the House and Senate, OEO became the Community Services Administration (CSA), a newly created independent federal agency to succeed OEO. Essentially, the GSA was to continue the ongoing operation of OEO, subject to various changes created by the new legislation.

The 1974 amendments also required that the agency be headed by a separate director appointed by the President with Senate confirmation. The Director was to be responsible for all policy-making functions including the final approval of grants and contracts. Additionally, these amendments provided for a three-year extension of the operation of all programs through fiscal year 1978.

The 1974 amendments also required Head Start funds to be allocated to states proportionately based upon each state's relative number of children living in families with income below the poverty line and the relative number of public assistance recipients in each state. No state was to receive less funds in fiscal years 1976, 1977, and 1978 than it received in fiscal year 1975. The amendments also transferred responsibility for administering Head Start to the Department of Health, Education and Welfare.

On November 2, 1978, the Economic Opportunity Act Amendments of 1978 (P.L. 95-568) were signed into law. As enacted, these 1978 amendments extended the Economic Opportunity Act for three more years, set the non-federal share for community action agencies at 20 percent, authorized a new categorical demonstration program and made a number of other minor changes in the law.

On May 19, 1981, the House Education and Labor Committee reported H.R. 3045, the Economic Opportunity Act Amendment of

1981 (H. Rept. #97-69). H.R. 3045 was subsequently attached to the Omnibus Reconciliation Act of 1981 (P.L. 97-35), which passed on August 13, 1981. In the Reconciliation Act, Head Start and Follow Through were continued for three additional years.

The Human Services Reauthorization Act (P.L. 98-558), enacted October 30, 1984, extended the authorizations for Head Start through fiscal year 1986. This act also established the state grants for dependent care planning and development program and authorized $20 million for this program for each of fiscal years 1985 and 1986.

The 1984 Amendments made several programmatic changes in Head Start. The Amendments specified that discretionary funds were not to be combined with funds under other Acts for single discretionary payments unless such funds are separately identified and used for purposes related to Head Start. The 1984 Amendments also prohibited changes in the methods for determining eligibility for low income participants if such changes would reduce or exclude participation of persons in the programs, and specified that priority in designating Head Start agencies for initial or additional appropriation must be given to existing programs unless it is found that such grantees fail to meet specified standards. The amendments required the provision of training and technical assistance, including specified components, and further mandated that such funds were not to be less than the amount expended in fiscal year 1982 unless appropriations fell below the fiscal year 1984 level. Finally, P.L. 98-558 added language making it explicit that local Head Start programs may provide more than open year of services to children from age three to the age of compulsory school attendance in their states.

The fiscal year 1986 Head Start appropriations language (P.L. 99-178) limited fiscal year 1986 funding for Indian and migrant head Start programs to $76.3 million, the same amount provided in fiscal year 1985.

The Head Start Act was most recently reauthorized as part of the Omnibus Budget Reconciliation Act of 1990 (P.L. 101-501). The reauthorization bill included language which targeted a portion of Head Start funds, 25% of any funds appropriated in excess of the previous year's appropriation adjusted for inflation, for quality improvement activities. The reauthorization also reaffirmed that Head Start programs would be allowed to provide more than one year of services to each Head Start enrollee, reinforced the importance of parent involvement in education services and expanded Parent-Child Centers, and improved information on Head Start programs by including three new requirements to increase the data on the Head Start Program.

NEED FOR THE LEGISLATION

When Project Head Start was launched in 1965 it was a pioneer in a unique approach to helping children, emphasizing strong parental involvement and comprehensive services. Today, while there is burgeoning support for early childhood development programs, Head Start serves as a model for delivering comprehensive services to children and their families. The challenge Head Start currently

faces is how to balance the rapid expansion of services, enabled by the current infusion of appropriations for this popular program, with the need to maintain and improve quality.

Head Start has enjoyed unprecedented popularity with congressional and presidential support throughout most of its existence; even during this period of high budget deficits and constraints on domestic discretionary spending. Head Start, which was funded at or below $1 billion dollars over it first 20 years, has seen its annual appropriation increase dramatically in the last seven years to a total of $2.2 billion in Fiscal Year 1992.

The Head Start community indicates that changes are necessary in the Head Start Act to preserve the quality of Head Start services and to allow existing programs to grow while the appropriations grow. These changes, proposed by H.R. 5630, the Head Start Improvement Act of 1992, have little or not cost impact on current services, and there are no set asides or new authorization levels. The changes are timely given the large increase in appropriation expected this year.

The Committee believes that as program services expand, it is vitally important that the quality of services be maintained. The needs of a program that now serves 600,000 children are far different than a program begun as a demonstration program under the Economic Opportunity Act of 1964. Changes are therefore needed in the Act to reflect this increase in children served, as well as to relieve the strains in the Head Start system as it extends itself to serve these increased numbers.

Of primary importance to the Head Start community, and an important focus in the attempt to serve families in need, is ensuring that the infrastructure for Head Start programs is in place before increases in funding are undertaken. H.R. 5630 makes several changes to the Act to address this need and to improve quality.

H.R. 5630 allows the Secretary to approve requests to use Head Start funds for the purchase of facilities if children would go unserved or if there is a documented cost savings in purchasing rather than leasing facilities.

In addition, H.R. 5630 makes several other modifications to current law, including a requirement for transportation regulations, improving parent involvement in the program, and allowing for younger siblings to take part in health care services provided by the Head Start Act. These changes address the need demonstrated by the Head Start community, and will ensure that Head Start continues to provide a quality program to the children it serves. Several technical corrections of both the Head Start Act and the Child Care and Development Block Grant program are necessary because of errors in the reauthorization of the Head Start Act in 1990 and the Child Care and Development Block Grant. These changes are both grammatical and matters of citation. These corrections will in no way alter the operation of these programs.

Explanation of the Bill

H.R. 5630, the Head Start Improvement Act of 1992, addresses the needs of today's Head Start program and ensures that Federal

resources are maximized to he fullest extent by making a number of necessary changes to the Head Start Act.

LOCAL CONTROL OF QUALITY MONEY FOR ONE ADDITIONAL YEAR

The Head Start Improvement Act extends local control of the quality funds allocated by the Secretary for one additional year. Current law gives local programs control over 80% of the quality improvement money for fiscal years 1991 and 1992; one third of improvement moneys in fiscal years 1993 and 1994 are controlled by the Secretary. However, Head Start has not received the level of appropriation that was expected for the first two years of the 1990 reauthorization.

During the 1990 reauthorization, the testimony was nearly unanimous regarding the need to target funds for maintaining and improving the quality of Head Start. Local programs have not had sufficient funds to address quality issues on their priority list.

H.R. 5630 extends the current distribution formula for these funds for an additional year, allowing programs to continue to upgrade current salaries, which still are significantly lower than their non-Head Start counterparts, along with upgrading transportation, increasing staff to accommodate more effective staff/child ratios, and improving facilities. This provision will not require additional appropriations, only local determination of the use of funds. Allowing grantees to develop a program which addresses the needs of their local community has been a significant factor in Head Start's success.

WAIVER OF NON-FEDERAL MATCHING REQUIREMENT

H.R. 5630 establishes guidelines which the Secretary is required to consider when a local agency applies for a waiver of the non-Federal match required by the program. The considerations are: (1) the lack of available resources in the community: (2) the impact of costs the agency may incur in the beginning years of the program; (3) the impact of unanticipated increases in the operating costs of the program; (4) whether the program is located in a community adversely affected by a major disaster; and (5) the impact on the community that would result if the program was forced to close.

The Head Start Act requires programs to match 20% of Head Start grant funds with non-Federal dollars. The Secretary currently has the authority to waive the non-Federal match, although current regulations provide only two exceptions: (1) when the average per capita income is less than $3,000 in the county desiring the waiver; and (2) in the case of a major disaster.

These guidelines, which were established in the late 1970s, have not been adjusted to reflect the current financial trends. Given the rate of inflation over the last two decades, the Committee is unaware of any county that would be able to meet the $3,000 per capita income designation, and therefore that circumstance is clearly not relevant to today's standards.

Because Head Start appropriations have nearly doubled over the last 4-5 years, programs are having difficulty meeting the non-federal match requirement. If a program is unable to meet the 20% match, the law requires that the Head Start program pay back the

amount they could not match. In other words, for ever one dollar that a program is unable to match, that program must pay back four dollars of grant funds. This restriction is creating an unnecessary barrier for some programs to implementing the Head Start expansion intended by the current infusion of funds to the program.

H.R. 5630 provides five additional criteria that the Secretary must utilize when considering a waiver for local grantees. These criteria reflect the relevance of the frequently dire situations that currently exist in communities. However, the Committee certainly acknowledges the importance of the non-Federal share that requires a commitment by the local community.

With the changes presented in the Head Start Improvement Act, local programs will be able to initiate new expansion based on the economic status of the local community without fear of losing needed Federal funds. These waivers would be for only one year, requiring the grantee to request additional waivers on an annual basis.

TRANSPORTATION REGULATIONS

The Head Start Improvement Act requires the Secretary to issue transportation regulations for local programs. There are currently no regulations in effect that specifically address the transportation of Head Start children. As Head Start programs expand and more states move toward the involvement of preschool programs, the need to define transportation requirements for children under six becomes more vital.

Most states have school bus requirements that address children from ages 6 to 12. But what is safe for a child of this size may not necessarily be safe for a smaller and younger child. Currently, Head Start programs are not even required to comply with most Federal transportation regulations, such as the National Traffic and Motor Vehicle Act.

In addition, the lack of standardization between Head Start and state and local education agencies sometimes prohibits coordination of transportation efforts. H.R. 5630 requires the Department of Health and Human Services to establish regulations for a cost effective and safe transportation system for Head Start children, thus providing leadership and information for states and communities regarding the safe operation of and selection of appropriate vehicles for preschool children.

Transportation regulations required by H.R. 5630 will assist Head Start programs, as they replace their vehicles, with the development of a long range plan in securing safe and reliable vehicles. In addition, this provision will better equip programs to coordinate transportation services with other agencies in their community thus procuring more cost effective agreements and arrangements. Coordination of this kind could minimize the cost and increase the safety of younger children.

REVIEW OF GRANTEES

The Head Start Improvement Act requires the Secretary to review new agencies after the first year of operation, and allows

the Secretary to conduct follow-up reviews of existing agencies as appropriate.

The recent expansion of Head Start funding has provided for a large number of new Head Start grantees. In order to initiate and maintain quality, new grantees must be aware of their strengths and weaknesses as they begin to implement services to children and families. The Committee is aware that recent history indicates that new programs may not receive monitoring visits from regional offices for three years after a program begins operation. This gap could result in unnecessary trial-and-error as the method of development of policies and procedures, and reduce the efficient operation of new Head Start programs. A review of a new Head Start grantee would therefore be more beneficial if it occurred closer to the start of the new program.

Likewise, when the review team monitors an established program and classifies it as high risk, the regional office should conduct follow-up reviews, either on site or otherwise, to determine the success of the program in implementing the improvement plan set forth on the monitoring visit and to provide appropriate assistance to ensure compliance. Without this follow-up, programs are in jeopardy of moving more slowly to full compliance.

In order to improve the effectiveness of the Secretary's monitoring visits, H.R. 5630 requires the Secretary to review new programs after the first year of operation of a Head Start Program, and allows the Secretary to conduct follow-up reviews to programs as appropriate. These follow-up reviews will assist in the delivery of quality services to children and families.

STRENGTHENING PARENT INVOLVEMENT TO INCLUDE LITERACY

Illiteracy is an intergenerational problem. Often children of illiterate parents grow up illiterate themselves. In addition, it is clear that if parents receive child development skills training it will enable them to better help their children achieve their full potential.

Currently, under the Head Start Act, agencies are permitted to provide Head Start parents with literacy and child development skills training. The Committee recognizes the importance of literacy and child development skills training and therefore makes such training mandatory.

The Head Start Improvement Act requires existing Head Start programs and new applicants for Head Start funds to provide literacy and child development skills training to parents of Head Start children, either directly through on-going Head Start activities or through referral to community programs that provide such training.

The Committee is aware that the majority of Head Start agencies are currently providing literacy and child development training to the families of Head Start enrollees. This provision further emphasizes Head Start's commitment to family literacy and enhances the opportunity to coordinate services with the local school districts which will subsequently be involved with the child and family. By providing Head Start parents with literacy and child development skills training these parents will be more successful at

breaking the cycle of intergenerational illiteracy and will be aided in their efforts to provide a better life for their children.

YOUNGER SIBLING HEALTH BENEFITS

The bill requires existing Head Start programs and new applicants for Head Start funds to consider providing assistance to younger siblings of Head Start children to obtain donated health care.

Currently only Head Start enrollees qualify for Head Start health services. Head Start programs are required to do a family needs assessment which identifies the health, education and nutrition needs of the entire family. In many cases, Head Start family case workers assist parents to become more knowledgeable about the resources in the community, as well as the need for appropriate health care for their children.

Current law prohibits the use of Head Start funds to assist families with the medical needs of younger siblings. H.R. 5630 allows Head Start programs to assist the younger siblings of Head Start children to obtain donated health care. Such assistance would serve children who would not otherwise receive health care services. The Committee anticipates that additional funds would not be necessary for the programs due to Medicaid participation and other health care resources available in the community.

The Committee anticipates that this change in the Head Start Act would result in a more family-focused program while taking advantage of the opportunity for early intervention with younger siblings. Ultimately, early intervention acts as a cost savings to Head Start programs because the children involved in the early intervention programs would eventually participate in the program ready to learn.

FACILITIES

The Head Start Improvement Act allows the Secretary to approve the purchase of a Head Start facility, and requires the Secretary to establish uniform procedures by which local programs may apply for such approval. The application will include: (A) a description of the site of the facility; (B) the plans and specifications of such facility; (C) information demonstrating that the purchase will result in a cost savings to the program or that there are no alternative facilities available in the community; and (D) any additional information the Secretary requires.

The Committee has received background information from the National Head Start Association (NHSA) which demonstrates the need of local programs to purchase their own facilities. NHSA conducted a survey of facilities in local Head Start programs during the fall of 1990. A total of 32 percent of the Head Start programs, representing all 50 states, responded. The major study findings revealed that one-third of Head Start centers and other facilities require extensive remodeling/repairs, are substandard, or should be replaced. During its 25th year of operations, Head Start still experiences serious and chronic facilities problems among some programs in all parts of the nation. A majority of Head Start programs that proposed long-term solutions to their facility problems

recommended that they be given the appropriate legal and administrative authority to purchase their own facilities.

The current prohibition of using funds for purchasing facilities creates a number of expensive problems. First of all, Head Start programs can receive funds for renovating existing space, mostly donated property. After these renovations are done, the owners have a tendency to reclaim their property, and the money spent on the renovations is lost.

Second, in many cases, the cost of a mortgage payment may be less than the cost of a rental payment. By prohibiting the programs from purchasing a facility, Head Start programs are actually sacrificing a possible cost-savings for the program.

Last, programs that cannot find stable facilities are faced with the added costs of moving from new location to new location. Allowing programs to purchase facilities would eliminate these problems, while creating virtually no federal burden. According to existing regulations, purchased facilities would be used by the Head Start program as long as the program exists, and the facilities would either be transferred to a new grantee or would otherwise be sold to another party, and the Federal government reimbursed, if the Head Start program fails to retain its grant.

TECHNICAL AMENDMENTS

The Head Start Improvement Act makes several technical corrections which are grammatical in nature and do not affect the way the program operates. Because of errors in the reauthorization of the Head Start Act and the Child Care and Development Block Grant Act of 1990 technical corrections are necessary. H.R. 5630 addresses both grammatical and logistical errors. These alterations do not change the way this program operates.

LOSS OF PRIORITY

H.R. 5630 eliminates grant application priority that has been given to past Head Start grantees if the applicant's previous grant was terminated. If the Department of Health and Human Services terminates a grantee, the grantee will not be accorded the priority usually given to applicants who have previously been awarded Head Start grants when the grant is subsequently re-competed.

In the event that a grantee is terminated, the Secretary of the Department of Health and Human Services may appoint an interim grantee to operate the program. The interim grantee will manage the program until a qualified applicant has been designated by the Secretary.

This provision is effective as of July 29, 1992, notwithstanding the enactment clause of this legislation.

EFFECTIVE DATE

Amendments are effective upon enactment of the legislation, except the loss of grant priority which applies to all grantees receiving funds after July 29, 1992. However, the changes shall not apply to applications submitted for any fiscal year prior to October 1, 1992.

COMMITTEE APPROVAL

In compliance with clause 2(l)(2)(B) of rule XI of the Rules of the House of Representatives, the Committee states that on July 30, 1992, a quorum being present, the committee favorably ordered reported H.R. 5630, with an amendment, by voice vote.

OVERSIGHT STATEMENT

In compliance with clause 2(l)(3)(A) of rule XI of the Rules of the House of Representatives, this report embodies the findings and recommendations of the Subcommittee on Human Resources, established pursuant to clause 2(b)(1) of rule X of the House of Representatives and rule 18(a) of the Rules of the Committee on Education and Labor. Pursuant to its responsibilities, the Committee has determined that legislation should be enacted as set forth in H.R. 5630.

INFLATIONARY IMPACT STATEMENT

In compliance with clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment into law of H.R. 5630 will have little inflationary impact on prices and costs in the operation of the national economy. It is the judgment of the committee that the inflationary impact of this legislation as a component of the Federal budget is negligible.

OVERSIGHT FINDINGS AND RECOMMENDATIONS OF THE COMMITTEE ON GOVERNMENT OPERATIONS

In compliance with clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee states that no findings or recommendations of the Committee on Government Operations were submitted to the Committee.

SECTION-BY-SECTION ANALYSIS

The following is a section-by-section summary of H.R. 5630, the Head Start Improvement Act of 1992, which was introduced by Chairman Martinez and favorably reported out of subcommittee on July 23, 1992.

Section 1—Short title

Section 2—Amendments

(a) Extends current formula for distribution of the quality funds allocated by the Secretary for one additional year.

(b) Requires childhood intervention programs (Parent-Child Centers) to provide literacy training to parents of Head Start students.

(c) Establishes guidelines which the Secretary is required to consider when a local agency applies for a waiver of the non-federal match required by the program. The considerations are:

1. The lack of resources in the community;
2. The impact of costs the agency may incur in the beginning years of the program;
3. The impact of unanticipated increases in the operating costs of the program;

4. Whether the program is located in a community adversely affected by a major disaster; and

5. The impact on the community that would result if the program was forced to close.

(d) Requires the Secretary to issue transportation regulations for local programs.

(e) Eliminates the priority to an applicant with Head Start experience, if that applicant's previous grant was terminated. This provision is effective as of July 29, 1992.

(f) Requires the Secretary to review new agencies after the first year of operation, and allows for follow up reviews of existing agencies as appropriate.

(g) Requires new applicants for Head Start funds to provide a plan to provide, directly or through referral, literacy and child development skills training to parents of children in the program. Additionally, it requires prospective programs that choose to provide health care assistance to the younger siblings of Head Start children to include details on how the program proposes to serve these siblings.

(h) Allows the Secretary to appoint an interim grantee to serve a community served by a Head Start programs if during a grant competition, there is no qualified applicant.

(i) Requires existing Head Start programs to provide, directly or through referral, literacy and child development skills training to parents of Head Start children. Additionally, requires existing programs to consider providing health care assistance to younger siblings of Head Start children.

(j) Allows the Secretary to approve the purchase of a Head Start facility, and requires the Secretary to establish uniform procedures by which local programs may apply for such approval. The application will include: (A) a description of the site of the facility; (B) the plans and specifications of such facility; (C) information demonstrating that the purchase will result in a cost savings to the program or that there are no alternative facilities available in the community; and (D) any additional information the Secretary requires.

(k) Makes several technical corrections which are grammatical in nature and do not affect the way the program operates.

Section 3—Technical Amendments relating to the Child Care and Development Block Grant Act of 1990

Makes changes required as a result of an error in the enrollment of the Child Care and Development Block Grant Act at the time of passage. The changes only correct the placement of the statute. There is no change in the way the program operates.

Section 4—Effective date and application of amendments

Amendments are effective upon enactment of the legislation, except the loss of grant priority which applies to all grantees receiving funds after July 29, 1992. However, the changes shall not apply to applications submitted for any fiscal year prior to October 1, 1992.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

HEAD START ACT

TITLE VI—HUMAN SERVICES PROGRAMS

Subtitle A—Authorizations Savings for Fiscal Years 1982, 1983, and 1984

* * * * * * *

CHAPTER 8—COMMUNITY SERVICES PROGRAMS

* * * * * * *

Subchapter B—Head Start Programs

* * * * * * *

ALLOTMENT OF FUNDS; LIMITATIONS ON ASSISTANCE

SEC. 640. (a)(1) * * *

(2) The Secretary shall reserve 13 percent of the amount appropriated for each fiscal year for use in accordance with the following order of priorities

(A) Indian and migrant Head Start programs and services for handicapped *children*, except that there shall be made available for each fiscal year for use by Indian and migrant Head Start programs, on a nationwide basis, not less than the amount that was obligated for use by Indian and migrant Head Start programs for fiscal year 1990;

(B) payments to Guam, American Samoa, the Federated States of Micronesia, the Republic of the Marshall Islands, Palau, the Commonwealth of[,] the Northern Mariana Islands, and the Virgin Islands according to their respective needs, except that such amount shall not exceed one-half of 1 percent of the sums appropriated for any fiscal year;

(C) training and technical assistance activities which are sufficient to meet the needs associated with program expansion and to foster program and management improvement activities as described in section 648 of this subchapter, in an amount for each fiscal year which is not less than 2 percent of the amount appropriated for [any] such fiscal year; and

* * * * * * *

(3)(A) For any fiscal year for which the amount appropriated under section 639(a) exceeds the adjusted appropriation, the Secretary shall reserve the quality improvement funds for such fiscal year, for one or more of the following quality improvement activities:

(i) * * *

* * * * * * *

(vi) To supplement amount provided under [section 640(a)(2)(C)] *paragraph (2)(C)* to provide training necessary to improve the qualifications of the staff of the Head Start agencies, and to support staff training, child counseling, and other services necessary to address the problems of children participating in Head Start programs, including children from dysfunctional families, children who experience chronic violence in their communities, and children who experience substance abuse in their families.

(B)(i) Funds reserve under subparagraph (A) for the first [and second] *second, and third* fiscal years for which funds are so reserved shall be allotted by the Secretary as follows:

(I) 80 percent of such funds shall be allotted among the States in the same proportion as the Secretary allots funds among the States under paragraph (5) for the respective fiscal year.

* * * * * * *

(ii) Funds reserved under subparagraph (A) for any fiscal year subsequent to the [second] *third* fiscal year for which funds are so reserved shall be allotted by the Secretary among the States in the same proportion as the Secretary allots funds among the States under paragraph (5) for the respective subsequent fiscal year.

(iii) to be expended for the activities specified in subparagraph (A) in the first fiscal [and second], *second, and third* fiscal years for which funds are required by such subparagraph to be reserved, funds allotted under clause (i)(I) shall be used by the Secretary to make a grant to each Head Start agency that receives a grant from funds allotted under paragraph (5) for such fiscal year, in the amount that bears the same ratio to the amount allotted under clause (i)(I) for such fiscal year for the State in which such agency is located as the number of children participating in the Head Start program of such agency in such fiscal year bears to the number of children participating in all Head Start programs in such State in such fiscal year.

* * * * * * *

(4)(A) * * *

(B)(i) Such early childhood intervention programs shall be designed—

(I) to enhance the development of children who are less than 3 years of age; and

(II) to strengthen the family unit by providing opportunities for increasing the child development skills, *literacy,* and knowledge of their parents.

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(5) The Secretary shall allot the remaining amounts appropriated in each fiscal year among the States, in accordance with latest satisfactory data so that—

(A) each State receives an amount which is equal to the amount the State received for fiscal year 1981; and

(B)(i) 33⅓ percent of any amount available after all allotments have been made under [clause] *subparagraph* (A) for such fiscal year shall be distributed on the basis of the relative number of children from birth through 18 years of age, on whose behalf payments are made under the program of aid to families with dependent children under a State plan approved under part A of title IV of the Social Security Act in each State as compared to all States; and

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(b) Financial assistance extended under this subchapter for a Head Start program shall not exceed 80 percent of the approved costs of the assisted program or activities, except that the Secretary nay approve assistance in excess of such percentage if the Secretary determines, [in accordance with regulations establishing objective criteria,] that such action is required in furtherance of the purposes of this subchapter. *For the purpose of making such determination, the Secretary shall take into consideration with respect to the Head Start program involved—*

(1) the lack of resources available in the community that may prevent the Head Start agency from providing all or a portion of the non-Federal contribution that may be required under this subsection;

(2) The impact of the cost the Head Start agency may incur in initial years it carries out such program;

(3) the impact of an unanticipated increase in the cost the Head Start agency may incur to carry out such program;

(4) whether the Head Start agency is located in a community adversely affected by a major disaster; and

(5) the impact on the community that would result if the Head Start agency ceased to carry out such program.

Non-Federal contributions may be in cash or in kind, fairly evaluated, including plant, equipment, or services. The Secretary shall not require non-Federal contributions in excess of 20 percent of the approved costs of programs or activities assisted under this subchapter.

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(g) If in any fiscal year, the amounts appropriated to carry out the program under this subchapter exceed the amount appropriated in the prior fiscal year, the Secretary shall, prior to using such additional funds to serve an increased number of children, allocate such funds in a manner that makes available the funds necessary to maintain the level of services provided during the prior year, taking into consideration the percentage change in the Consumer Price Index [for all] *For All* Urban Consumers, as published by the Bureau of Labor Statistics.

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(i) The Secretary shall issue regulations establishing requirements for the safety features, and the safe operation, of vehicles used by Head Start agencies to transport children participating in Head Start programs.

COMPREHENSIVE REPORT

SEC. 640A. (a) * * *

(b) The reports required by subsection (a) shall contain—

(1) information concerning transportation, facilities, and methods for identifying and locating eligible children in both urban and rural areas, including cost, problems encountered, and innovative [solution] *solutions* to such problems;

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(7) information concerning the parents of children participating in programs receiving Head Start funding, including the—

(i) employment status of such parents (including any change that occurred while the child was enrolled in Head Start);

(ii) education level of such parents;

(iii) [the] training or education that such parents received while their children were enrolled in Head Start programs; and

(iv) [the] impact of parents' schedules on their ability to access Head Start services and participate in the program.

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DESIGNATION OF HEAD START AGENCIES

SEC. 641. (a) * * *

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(e)(1) In the administration of the provisions of this section, the Secretary shall give priority in the designation of Head Start agencies to any local public or private nonprofit agency which is receiving funds under any Head Start program on the date of the enactment of this Act unless—

(A) the Secretary makes a finding that the agency involved fails to meet program and fiscal requirement established by the Secretary; and

(B) except that, if there is no agency of the type referred to in subparagraph (A) because of any change in the assistance furnished to programs for economically disadvantaged persons, the Secretary shall give priority in the designation of Head Start agencies to any successor agency that is operating a Head Start program in substantially the same manner as the predecessor agency that did receive funds in the fiscal year preceding the fiscal year for which the determination is made. *Notwithstanding any other provision of this paragraph, the Secretary shall not give such priority to any agency with respect to which financial assistance has been terminated, or an application for refunding has been denied, under this subchapter by the Secretary after affording such agency reasonable notice and opportunity for a full and fair hearing in accordance with section 646(a)(3).*

(2)(A) The Secretary shall conduct a full review of each designated Head Start agency at least once during each 3-year period, and shall determine whether each agency meets program and fiscal requirements established by the Secretary.

(B) The Secretary shall conduct a review of each newly designated Head State agency immediately after the completion of the first year such agency carries out a Head Start program.

(C) The Secretary shall conduct followup reviews of Head Start agencies when appropriate.

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(d) If there is no Head Start agency as described in subsection (c)(2), and no existing Head Start program serving a community, then the Secretary may designate a Head Start agency from among qualified applicants in such community. Any such designation shall be governed by the program and fiscal requirements, criteria, and standards applicable on September 1, 1983, to then existing Head Start agencies. In selecting from among qualified applicants for designation as a Head Start agency and subject to the preceding sentence, the Secretary shall consider the effectiveness of each such applicant to provide Head Start services, based on—

(1) * * *

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(6) other factors related to the requirements of this subchapter; **[**and**]**

(7) the plan of such applicant to meet the needs of non-English language children in the community**[**.**]**;

(8) the plan of such applicant to provide (directly or through referral to educational service available in the community) parents of children who will participate in the proposed Head Start program with child development and literacy skills training in order to aid their children to attain their full potential; and

(9) the plan of such applicant who chooses to assist younger siblings of children who will participate in the proposed Head Start program to obtain health services from other sources.

(e) If, in a community served by a Head Start program, there is no applicant qualified for designation as a Head Start agency to carry out such program, the Secretary may appoint an interim grantee to carry out such program until a qualified applicant is so designated.

[(e)**]** *(f)* The provisions of subsections **[**(c) and (d)**]** *(c), (d), and (e)* shall be applied by the Secretary in the distribution of any additional appropriations made available under this subchapter during any fiscal year as well as to initial designations of Head Start agencies.

[(f)**]** *(g)* The Secretary shall require that the practice of significantly involving parents and area residents affected by the program in selection of Head Start agencies be continued.

POWERS AND FUNCTIONS OF HEAD START AGENCIES

SEC. 642. (a) * * *

(b) In order to be so designated, a Head Start agency must also (1) establish effective procedures by which parents and area residents concerned will be enabled to directly participate in decisions that influence the character of programs affecting their interests; (2) provide for their regular participation in the implementation of such programs; (3) provide technical and other support needed to

enable parents and area residents to secure on their own behalf available assistance from public and private sources; (4) involve parents of children participating in its Head Start program in appropriate educational services (in accordance with the performance standards in effect upon section 651(b) or through referral of such parents to educational services available in the community) in order to aid their children to attain their full potential; [and] (5) establish procedures to seek reimbursement, to the extent feasible, from other agencies for services for which any such other agency is responsible, which are provided to a Head Start participant by the Head Start agency; *(6) provide (directly or through referral to educational services available in the community) parents of children participating in its Head Start program with child development and literacy skills training in order to aid their children to attain their full potential; and (7) consider providing services to assist younger siblings of children participating in its Head Start program to obtain health services from other source.*

(c) The head of each Head Start agency shall coordinate with schools that will subsequently serve children in Head Start programs, the State agency responsible for administering section 402(g) of the Social Security Act, and other programs serving the children and families served by the Head Start agency to carry out the provisions of this [subtitle] *subchapter.*

SUBMISSION OF PLANS TO GOVERNORS

SEC. 643. In carrying out the provisions of this subchapter, no contract, agreement, grant, or other assistance shall be made for the purpose of carrying out a Head Start program within a State unless a plan setting forth such proposed contract, agreement, grant, or other assistance has been submitted to the chief executive officer of the State, and such plan has not been disapproved by [the] such officer within 30 days of such submission, or, if so disapproved, has been reconsidered by the Secretary and found by the Secretary to be fully consistent with the provisions and in furtherance of the purposes of this subchapter. Funds to cover the costs of the proposed contract, agreement, grant, or other assistance shall be obligated from the appropriation which is current at the time the plan is submitted to [the] such officer. This section shall not, however, apply to contracts, agreements, grant, loans, or other assistance to any institution of higher education in existence on the date of the enactment of this Act.

ADMINISTRATIVE REQUIREMENTS AND STANDARDS

SEC. 644. (a) * * *

(b) [No] *Except as provided in subsection (f), no* financial assistance shall be extended under this subchapter in any case in which the Secretary determines that the costs of developing and administering a program assisted under this subchapter exceed 15 percent of the total costs, including the required non-Federal contributions to such costs, of such program. The Secretary shall establish by regulation, criteria for determining (1) the costs of developing and administering such program; and (2) the total costs of such program. In any case in which the Secretary determines that the cost

of administering such program does not exceed 15 percent of such total costs but is, in the judgment of the Secretary, excessive, the Secretary shall forthwith require the recipient of such financial assistance to take such steps prescribed by the Secretary as will eliminate such excessive administrative cost, including the sharing by one or more Head Start agencies of a common director and other administrative personnel. The Secretary may waive the limitation prescribed by this subsection for specific periods of time not to exceed 12 months whenever the Secretary determines that such a waiver is necessary in order to carry out the purposes of this subchapter.

(c) The Secretary shall prescribe rules or regulations to supplement [subsection (a)] *subsections (a) and (f)*, which shall be binding on all agencies carrying on Head Start program activities with financial assistance under this subchapter. The Secretary may, where appropriate, establish special or simplified requirements for smaller agencies or agencies operating in rural areas. Policies and procedures shall be established to ensure that indirect costs attributable to the common or joint use of facilities and services by programs assisted under this subchapter and other programs shall be fairly allocated among the various programs which utilize such facilities and services.

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(f)(1) The Secretary shall establish uniform procedures for Head Start agencies to request approval to purchase facilities to be used to carry out Head Start programs.

(2) Except as provided in section 640(a)(3)(A)(v), financial assistance provided under this subchapter may not be used by a Head Start agency to purchase a facility (including paying the cost of amortizing the principal, and paying interest on, loans) to be used to carry out a Head Start Program unless the Secretary approves a request that is submitted by such agency and contains—

(A) a description of the site of the facility proposed to be purchased.

(B) the plans and specifications of such facility;

(C) information demonstrating that—

(i) the proposed purchase will result in savings when compared to the costs that would be incurred to acquire the use of an alternative facility to carry out such program; or

(ii) the lack of alternative facilities will prevent the operation of such program; and

(D) such other information and assurances as the Secretary may require.

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EVALUATION

SEC. 651. (a) * * *

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(g)[(1)] At least once during every 2-year period, the Secretary shall prepare and submit, to the Committee on Education and Labor of the House of Representatives and the Committee on Labor and Human Resources of the Senate, a report concerning the

status of children (including disabled and non-English language background children) in Head Start programs, including the number of children and the services being provided to such children. Such report shall include—

(1) a statement for the then most recently concluded fiscal year specifying—

(A) the amount of funds received by Head Start agencies designated under section 641 to provide Head Start services in a period before such fiscal year; and

(B) the amount of funds received by Head Start agencies newly designated under section 641 to provide such services in such fiscal year;

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(12) a description of the types of services provided to children and their families, both on-site and through referrals, including health, mental health, dental care, parenting education, [physicial] *physical* fitness, and literacy training.

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SEC. 651A. LONGITUDINAL STUDY OF HEAD START PARTICIPANTS.

(a) * * *

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(f) [COMPARISION] *COMPARISON*.—To the maximum extent feasible, the study required under subsection (a) shall provide for comparisons with appropriate groups composed of individuals who do not participate in Head Start programs.

(g) COORDINATION.—The study required under subsection (a) shall be coordinated with the National Longitudinal Study conducted under chapter 1 *of title I of the Elementary and Secondary Education Act of 1965* that is administered by the Department of Education.

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SECTION 5082 OF THE OMNIBUS BUDGET RECONCILIATION ACT OF 1990

SEC. 5082. CHILD CARE AND DEVELOPMENT BLOCK GRANT.

Chapter 8 of subtitle A of title [IV] *VI* of the Omnibus Budget Reconciliation Act of 1981 (Public Law 97-35) is amended—

(1) by redesignating subchapters C, D, and E, as subchapters D, E, and F, respectively; and

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SECTION 658P OF THE CHILD CARE AND DEVELOPMENT BLOCK GRANT ACT OF 1990

SEC. 658P. DEFINITIONS.

As used in this subchapter:

(1) * * *

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(7) INDIAN TRIBE.—The term "Indian tribe" has the meaning given it in section [4(b)] *4(e)* of the Indian Self-Determination and Education Assistance Act [(25 U.S.C. 450b(b))] *(25 U.S.C. 450b(e))*.

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(14) TRIBAL ORGANIZATION.—The term "tribal organization" has the meaning given it in section [4(c)] *4(l)* of the Indian Self-Determination and Education Assistance Act [(25 U.S.C. 450b(c))] *(25 U.S.C. 450b(l))*.

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